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Remarks:

NSC Review Completed.

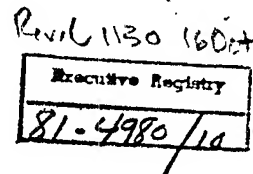
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THE WHITE HOUSE
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October 15, 1981

NFAC-1599-81

NSC Review Completed.

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF COMMERCE
THE COUNSELLOR TO THE PRESIDENT
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE DIRECTOR OF CENTRAL INTELLIGENCE ✓
THE UNITED STATES REPRESENTATIVE TO THE
UNITED NATIONS
THE UNITED STATES TRADE REPRESENTATIVE
THE CHIEF OF STAFF TO THE PRESIDENT
THE DEPUTY CHIEF OF STAFF TO THE PRESIDENT
THE CHAIRMAN, JOINT CHIEFS OF STAFF

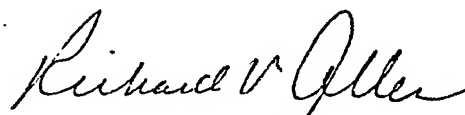
SUBJECT: National Security Council Meeting

The President will chair a National Security Council meeting in the Cabinet Room of the White House on Friday, October 16, 1981, from 2:00 to 3:00 p.m. (60 minutes). The agenda will be as follows:

- (a) East-West Trade
- (b) East-West Relations

Papers for agenda item (a) were previously distributed. Papers for agenda item (b) are attached.

FOR THE PRESIDENT:



Richard V. Allen
Assistant to the President
for National Security Affairs

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SECRETSECRET**EAST-WEST TRADE AND EAST-WEST POLICY**

The purpose of the meeting is to facilitate some key decisions required to complete the framework of U.S. policies concerning the Soviet Union.

To date, a comprehensive East-West Policy Study covering U.S.-Soviet political, military and economic relations has been completed and is awaiting approval.

Additionally, July NSC meetings discussed four aspects of U.S. policy on trade with the Soviet Union:

- Allied Security Controls;
- Controls on Oil and Gas Equipment and Technology;
- The Siberian Pipeline;
- Caterpillar Pipelayer License.

As an outgrowth of these meetings, a U.S. Policy on Allied Security Controls was formulated and work on implementing this policy is in progress. Similarly, a basic U.S. position on the Siberian Pipeline was developed and communicated to our Allies at the Ottawa Summit and work is in progress on alternatives to the Pipeline for presentation to our Allies later this fall.

In late July, Caterpillar's application for export of 100 pipelayers to the Soviet Union was approved and in September Caterpillar submitted an application for an additional 200 pipelayers for use on Soviet pipeline construction other than the Siberian Pipeline. Action on this application is pending.

In another action relevant to our overall policy, in October grain discussions the U.S. offered to sell the Soviets an additional 15 million tons of grain in crop year 1982, increasing the total allowable without further consultations to 23 million tons.

These actions have set portions of our policy. However, two decisions are required to complete the broad outlines of our long-term Soviet policy, to provide the basis for completing our Siberian Pipeline strategy, and to guide export licensing and other decisions that must be made in the near term:

- o Acceptance (or reformulation) of the broad policy guidance set out in the "East-West Policy" Study.
- o Setting a policy on Oil/Gas Controls.

The East-West Policy Study includes a section on "East-West Economics" which prescribes broad East-West Trade objectives and policies. However, these more abstract statements will be either supported or contravened in tangible form by the specific policy adopted on exports of oil and gas equipment and technology to the U.S.S.R.

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Given the urgent need for a stated oil/gas policy to guide day-to-day licensing decisions and other operations, and the need to complete development of our position on the Siberian Pipeline, it may be useful to reexamine this issue in the light of events since the July discussions.

The attached oil/gas papers, previously provided for the July meetings, may be useful discussion references. The East-West Policy Study has been previously forwarded and is not provided in this transmittal.

Attachments

NSC Staff Prepared Summary: Controls on Exports to the USSR of
Oil and Gas Equipment and Technology
Policy Options Paper: Controls on Export to the USSR of Oil and
Gas Equipment and Technology

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